

Chapter 14.—Stock Certificates.

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Nature of Security.

228. (a) Stock certificates of debt are issued from the Public Debt Office, Calcutta, in lieu of promissory notes, under the Notification, Financial Department, No. 6318-A. of 28th December 1894, Appendix E.

(b) Stock certificates have the following advantages over Government Promissory Notes:—

- (1) Government Promissory Notes can be converted into stock certificates and re-converted into promissory notes at any time, at the option of the holder.
- (2) The holders of stock certificates are not required to present them in person or by agent when the interest becomes due. On application made, interest will be paid to stock certificate holders by warrants on any Government treasury, which warrants will be sent by post, on the day the interest falls due, to the stock certificate holders direct, or through the Treasury Officer, as they may desire.
- (3) Stock certificates are not negotiable by endorsement, and are consequently of no value in the hands of a wrongful holder, and the risks arising from the possession or repeated transmission of negotiable securities are thereby avoided.
- (4) In the event of the loss of a stock certificate by theft, fire, etc., a fresh certificate will issue on satisfactory evidence of loss.

229. A stock certificate certifies that “A. B. is the registered proprietor of Rs 100 of the 3½ per cent. loan of 190 , bearing interest from ”. A holder wishing to convert his Government Promissory Notes into a stock certificate will receive a certificate of the loan to which the notes appertain, or, at his option, of any other loan to which they can be transferred under the conditions of Article 214.

Adjustment of Interest.

230. If a stock certificate of the loan to which the promissory notes appertain be applied for, interest due upon them must first of all be drawn before they are tendered for conversion. If, however, it be desired that stock of some other loan should be issued, the notes should be tendered for conversion with six months' interest due on them

except as provided for in the exception to clause (i) of Article 214. In this case interest will be adjusted as follows:—

(a) If the application is for stock certificates of the Loan of 1865—

and the pro. notes are of the loan of	and interest is due for the last full half-year ending	interest will be paid for that half-year only up to	and the stock certificate will bear interest from
1842-43	31st Jan.	31st Oct. (e)	1st Nov.
	31st July	30th April (e)	1st May.
1854-55	29th June	30th April (g)	1st May.
	29th Dec.	31st Oct. (g)	1st Nov.
1879	15th Jan.	31st Oct. (f)	1st Nov.
	15th July	30th April (f)	1st May.
1900-01	29th June	30th April (g)	1st May.
	29th Dec.	31st Oct. (g)	1st Nov.

(b) If the application is for stock certificates of the Loan of 1842-43—

1854-55	29th June	31st Jan. (b)	1st Feb.
	29th Dec.	31st July (b)	1st Aug.
1865	30th April	31st Jan. (e)	1st Feb.
	31st Oct.	31st July (e)	1st Aug.
1879	15th Jan.	31st July (k)	1st Aug.
	15th July	31st Jan. (k)	1st Feb.
1900-01	29th June	31st Jan. (b)	1st Feb.
	29th Dec.	31st July (b)	1st Aug.

(c) If the application is for stock certificates of the Loan of 1854-55—

1842-43	31st Jan.	30th Dec. (h)	31st Dec.
	31st July	29th June (h)	30th June.
1865	30th April	30th Dec. (c)	31st Dec.
	31st Oct.	29th June (c)	30th June.
1879	15th Jan.	30th Dec. (i)	31st Dec.
	15th July	29th June (i)	30th June.

(d) If the application is for stock certificates of the Loan of 1879—

1842-43	31st Jan.	15th Jan. (j)	16th Jan.
	31st July	15th July (j)	16th July.
1854-55	29th June	15th Jan. (a)	16th Jan.
	29th Dec.	15th July (a)	16th July.
1865	30th April	15th Jan. (d)	16th Jan.
	31st Oct.	15th July (d)	16th July.
1900-01	29th June	15th Jan. (a)	16th Jan.
	29th Dec.	15th July (a)	16th July.

Interest on ₹100 at annas 4 pies 8 per month:—

		R	a.	p.
(a)	$1\frac{1}{3}$ month	0	2	5.86
(b)	$1\frac{1}{6}$ "	0	4	9.36
(c)	$1\frac{1}{2}$ "	0	9	2.13
(d)	$2\frac{1}{4}$ "	0	11	8
(e)	3 "	0	14	0
(f)	$3\frac{1}{4}$ "	1	0	4
(g)	$4\frac{1}{3}$ "	1	2	9.86
(h)	$4\frac{1}{6}$ "	1	7	2.13
(i)	$5\frac{1}{6}$ "	1	9	6.13
(j)	$5\frac{1}{4}$ "	1	9	8
(k)	$\frac{1}{2}$ "	0	2	4

N.B.—In calculating interest for broken periods the Public Debt Office reckons a month to consist of 30 days.

231. Cancelled.

Form of Application.

232. The applicant for a stock certificate, after drawing all interest due, must endorse the notes (or debentures) under his signature, "Pay to the Viceroy and Governor General of India in Council," and must make a list of them in Form No. 27.

233. The Treasury Officer is enjoined to give every assistance and instruction so that this form may be correctly prepared, and to see that due registry of all documents in support of title to the notes or debentures be certified on their reverse, as prescribed in Chapter 13. He must also satisfy himself that the person who presents the application is the person he represents himself to be.

234. (a) The Treasury Officer will now forward the application and the note (in halves) to the Secretary and Treasurer, Bank of Bengal, Public Debt Office, in a registered cover, insured as of the value of ₹100.

(b) He will also be the channel of, and should facilitate, any necessary correspondence between the Public Debt Office and the applicant so that any formal defects may be remedied, or objections raised by the Public Debt Office removed.

NOTE.—If there be any serious objection to any of the notes it will be better to return them to applicant for the necessary measures, and to submit a revised application for the remainder of the notes only.

235. (a) If the papers are correct, the Treasury Officer will, in due time, receive for delivery to the applicant:—

(1) The stock certificates applied for.

(2) An interest transfer receipt or pay order for the amount due on the conversion.

(b) The former he will enter in a register (Form 28) and deliver to applicant, taking his receipt in the proper column. The latter he will deal with under Article 237.

Payment of Interest.

236. The interest due on the stock certificates will be sent by the Public Debt Office to the Treasury, without further application, upon the due date, or it will be sent to the holder direct on his written application. It will be sent in the form of a warrant and made payable to the order of the registered proprietor.

237. The Treasury Officer will register the warrants which he receives in a register of Interest Orders (Form 29), and he will deliver them either to the holder in person, or to his attorney (Article 215), or to any one sent by either of these and bearing a written and signed request for the delivery. The signature of the recipient will be taken in the register, and payment will thereafter be made at the treasury in the usual way, as on an ordinary authorised pay order, the Treasury Officer being responsible, as in the case of all other payments, that the payment is made to the proper person.

238. In every case advice will have been received of the issue of the warrant, and these advices must be carefully kept as in the case of advices of bills.

239. The Treasury Officer is not required to advise the holder of the arrival of his interest warrant; the holder should know the dates on which to expect it. But if the holder leaves the interest order unapplied for eight months, then the Treasury Officer should return it (together with the next following one, which he will have had for two months) to the Public Debt Office, and mark them off in the register as thus returned. The Public Debt Office will retain them till they are claimed.

Endorsement of Stock Certificates.

240. The following form of endorsement on a stock certificate serves most of the ordinary purposes of the holder:—

Received in lieu of this stock certificate for R000, promissory notes (or debentures) and stock certificates as by following detail:—

Fromissory Note, Debenture, or Stock Certificate.	Value of each.	Interest, where payable.
TOTAL		

Signed by holder, or his attorney,*
or his administrator or executor.*

Signed in my presence.

Treasury Officer of

Date

* In these cases the Treasury Officers must add the certificates required by Article 194.

241. (a) By means of the endorsement, the holder can—

- (1) If he wishes to sell his holding,—obtain promissory notes in his own name and endorse them in the usual way to the purchaser.
- (2) If he wishes to sell part of his holding,—do as above for part, and obtain for the balance a stock certificate in his own name.
- (3) If he wishes the payment of interest transferred to a new treasury,—apply for a stock certificate in the same terms as the one he holds, but with interest payable at another treasury.
- (4) If he wishes to sub-divide his holding, or re-convert it into promissory notes (or debentures),—apply for stock certificates or promissory notes (or debentures), as he requires.
- (5) If, being the administrator or executor of a holder's estate, he wishes to have the holding transferred to his own name as administrator or executor (or if he has the power, to his own or any other person's name, absolutely), he can obtain promissory notes and endorse them accordingly.

(h) He may also consolidate two or more stock certificates, by endorsing all of them in the above form, with the addition of the words in italics below:—

“Received in lieu of this stock certificate for R000, and of the stock certificates
No. for R000, and No. for R000 of the same loan.
 Total R000.”

242. The Treasury Officer will receive the stock certificates as above endorsed and forward them to the Public Debt Office for issue of the necessary certificates or notes, which the Public Debt Office will return to the Treasury Officer for delivery to applicant. The Treasury Officer will pass them through the register (Form 28), Article 235.

243. The Public Debt Office require certain fees for new promissory notes or debentures issued (see Chapter 13, Articles 206 and 212); but new stock certificates are issued without fee. When, however, non-transferable stock certificates are issued by the Bank of Bengal, Madras, or Bombay, in lieu of the whole or any portion of ordinary stock certificates, for transmission to the Bank of England for registration in its books, each non-transferable certificate so issued is charged at the rate of one rupee for every R5,000 or part of R5,000.

244. The Public Debt Office will advise Treasury Officers of the issue of any stock certificate of which interest is payable at their treasury, as also of the cancelment of any such stock certificate. The proper entry should be made in the register (Form 28), Article 235. These advices are independent of the letters forwarding stock certificates for delivery to the holders.